

Residential Rate-Setting Project in Family Care

Purpose of project: Establish a uniform methodology for determining all-inclusive rates for services provided by community-based residential programs that reflect the reasonable costs of services in relation to the acuity of members served by those programs. The application of a common methodology will:

- promote access to and quality of services for members,
- treat consistently providers offering similar services,
- establish predictability for purchasers and providers of residential services,
- maintain transparency and good stewardship of resources; and
- ensure consistency with CMS guidelines.

Components of the Project: There are three key components to the project:

- **Member obligation for room and board costs of residential settings:** Room and board costs are funded by member income, as the first source of funding. For this reason, it is important to standardize the methodology for determining the amount of income a member contributes to his/her room and board, since this calculation establishes any balance the member cannot afford to pay. The Family Care Managed Care Organization may choose to fund the portion of room and board the member cannot afford if it is determined to be an effective and cost-effective way to support the member's outcomes in a non-institutional setting.
- **Room and Board Costs of Residential Settings:** Residential providers provide room and board as well as services for their residents. The federal Medicaid program requires that room and board costs be tracked separately from the Medicaid service costs within a residential setting. The federal Centers for Medicare and Medicaid Services (CMS) has agreed that the state can claim federal Medicaid matching funds for MCO payments for room and board in community-based settings in the Family Care program, provided the community-based room and board costs are no higher than institutional room and board costs in a nursing facility and the MCO determines that supplementation is an effective and cost-effective way to support the member's outcomes. This is based on the principle that the Family Care member resides in the assisted living setting "in lieu of" a nursing home. As part of that agreement, CMS is interested in receiving assurance that room and board costs are reasonable for a publicly funded program and relatively consistent across facilities.
- **Residential Service Costs:** Residential providers, in addition to room and board, provide Medicaid-covered services to residents, such as personal care, supportive home care, medication management, and other services.